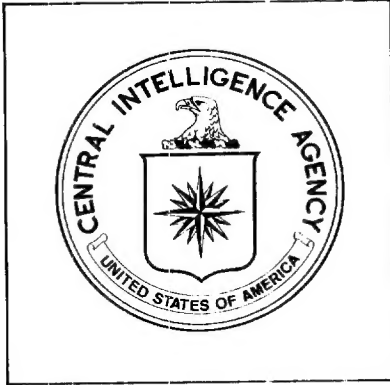


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**Middle East
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South Asia**

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No. 0871/75

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MIDDLE EAST – AFRICA – SOUTH ASIA

This publication is prepared for regional specialists in the Washington community by the Middle East - Africa Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Somalia

Prisoners Released

President Siad has released nearly two hundred prisoners in the past three weeks, some of whom were prominent politicians in the previous Somali government. The releases are associated with the ceremonies surrounding the sixth anniversary on October 21 of the military seizure of power.

2 Among those freed were former prime minister Mohammed Egal and several members of his civilian cabinet who were ousted by Siad and his military associates in October 1969. Egal reportedly had been recently offered his freedom if he petitioned Siad for forgiveness of alleged errors committed against the Somali people.

Earlier this month, 52 radicals, arrested last March on charges of plotting against the regime were also released. Many of these individuals had worked in Siad's own office of the presidency.

3 Siad said he was releasing the prisoners because Somalia needed a united society in order to build its socialist state. He offered to help those pardoned to start a new life. Over half of those released--many of whom reportedly were serving sentences for criminal offenses--will probably be urged to join the agricultural and fishing cooperatives Siad has launched.

1 According to the US embassy in Mogadiscio, rumors circulating in the Somali capital suggest that the pardoning of Egal and the other prominent prisoners is a preliminary step prior to the launching by the regime of its long-awaited political party. The embassy tends to believe such speculation is premature.

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2 Siad has been attempting to obtain financial support from the Arab world and the West to bolster his country's flagging economy. Within the past week Vice-President Culmie has been pressing Arab ambassadors in Mogadiscio to urge their governments to come up with the \$103 million in assistance they pledged earlier this year. Siad may be hoping that Egal's release--he had a reputation of being pro-Western--will convince the more conservative Arab states, such as Saudi Arabia, that Siad is moderating his strong socialist stance.

2 Somalia is still a tribally oriented society. Although Egal and the others probably no longer have any political clout, their release would probably please their respective tribes and make them more amenable to working with the government.
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Kenya

Crackdown on Parliament Increases Tensions

4 President Kenyatta's arrest of two of his most persistent parliamentary critics last week and his threat to arrest any other legislators who do not support the government have increased political tensions.

25X1A The two arrested deputies, J. M. Seroney and Martin Shikuku, are established political figures who have been outspoken advocates for Kenya's "have-nots."

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1 The arrest of the two legislators is likely to increase popular cynicism and weaken support for the government.

1 Seroney's detention may be politically damaging to Vice President Daniel arap Moi, a fellow Kalenjin tribesman. The Kalenjin, a group that makes up about 11 percent of the population, are likely to blame Moi for not interceding with Kenyatta on Seroney's behalf. A loss of support from his own tribe would further diminish the somewhat tarnished political standing of Moi.

4 There have been indications over the last few months that Moi's influence with Kenyatta has slipped. Last month, for example, Kenyatta deprived Moi of administrative responsibility over the police. Moi has been touted as a contender to succeed Kenyatta, a member of the majority Kikuyu tribe, partly because of his potential for obtaining support from non-Kikuyu.

2 Kenyatta still appears to be able to rely on the loyalty of the police and the army. Junior officers, however, are reported to have become more willing in recent months to voice their discontent with political events and the unwillingness of senior officers to do anything about such developments. (SECRET NOFORN/NOCONTRACT)

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Pakistan

New Problem at Tarbela Dam

11/2 | New difficulties at the Tarbela Dam will reduce the amount of water available for Pakistan's winter wheat crop. The dam's stilling basins, downstream from two tunnels discharging irrigation water, have lost massive chunks of their concrete flooring. This, in turn, has eroded the rock foundations below the basins and forced the closing of the irrigation tunnels. Repairs will not be completed before May 1976.

11/2/3 | Last year, construction defects necessitated draining the dam's reservoir prior to the fall planting. This new problem will limit the volume of water available to irrigation to less than one fifth of what the dam is designed to provide.

3 | Despite the added damage at Tarbela, next year's wheat harvest--now being planted--may not be seriously affected. Current moisture conditions are favorable and more fertilizer is available. The target of 8.4 million tons--a 12 percent increase over this year's harvest--may still be reached.
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Nepal

Currency Devalued

1 Nepal recently devalued its currency by 15.5 percent relative to the dollar. The devaluation is primarily a technical adjustment prompted by the recent fall in the value of sterling. The exchange rate against the Indian rupee, the main trading currency, remains unchanged. The new rate of 12.5 Nepalese rupees to the dollar is approximately equivalent to the exchange rate for the Indian rupee at present dollar-pound and pound-Indian rupee exchange rates.

3 Katmandu may have timed the devaluation to draw attention to the country's uneasy balance of payments situation and so support its campaign for inclusion in the United Nations list of countries "most seriously affected" by international price increases. Although one of the poorest countries in the world, Nepal has not been so listed and thus is not eligible for assistance from the Secretary General's Special Account nor from other donors who use the list as a guide.

3 In the past, Nepal has not met the criteria for listing because its foreign exchange reserves were high and growing. This situation changed sharply during the past fiscal year, partly due to higher prices for imports of petroleum products and fertilizer and partly because India, the cheapest source, would not supply some key goods.

3/2 The prospect of a substantial balance of payments deficit looms for the next several years. As a result, Nepalese officials have been anxious to improve their access to foreign aid. Their most recent plea for most seriously affected status was made during the foreign minister's address to the UN General Assembly on October 7.

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3 The economic impact--as opposed to the political objective--of the devaluation will be negligible, because 85 percent of Nepal's foreign trade is with India and only a small part of that is settled in convertible currencies. The local cost of imports from third countries will increase as will the rupee value of earnings from tourism, investments, and exports of jute goods. However, any increase in the volume of exports for the next year or so will be limited by Nepal's inability to increase production. Increased revenue from tourism will also be limited until planned hotel projects are complete. The internal effect of the devaluation is probably somewhat inflationary but not seriously detrimental to development. (CONFIDENTIAL)

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